

Amer Sports Corporation

FINANCIAL STATEMENT BULLETIN

February 4, 2010 at 1:00 pm

## Amer Sports Corporation Financial Results 2009 (IFRS)

### OCTOBER–DECEMBER, 2009

- Amer Sports Q4/09 net sales of EUR 482.8 million fell by 3% (495.3). In local currencies, net sales were at last year's level. Net sales fell by 6% in the Americas, increased by 8% in the EMEA region and fell by 4% in Asia Pacific in local currency terms.
- EBIT was EUR 39.4 million (35.2). Earnings per share were EUR 0.37 (0.20).
- Winter and Outdoor sales grew by 3% in local currencies. EBIT grew to EUR 42.5 million (36.7). Winter Sports Equipment's profitability improved significantly.
- Ball Sports sales fell by 8%. The fall of EBIT of EUR 2.2 million (3.4) reflects a slower than anticipated top-line.
- Fitness sales grew by 10%. EBIT of EUR -0.5 million (-2.3) includes bad debt provisions of EUR 5 million.

### JANUARY–DECEMBER, 2009

- Amer Sports net sales were at EUR 1,533 million (1,577), falling by 3%. In local currencies, net sales fell by 4%. Net sales fell by 12% in the Americas, increased by 3% in the EMEA region and fell by 3% in Asia Pacific in local currency terms.
- EBIT was EUR 43.8 million (78.9). The result reflects the challenging operating environment in North America as well as a one-time charge of EUR 5 million (net income EUR 7 million). Earnings per share were EUR 0.28 (0.37). Taxes were 6.0 million positive (-11.6) due to increased deferred tax assets.
- Amer Sports financial position improved significantly with net debt declining by EUR 333.1 million to EUR 282.5 million. The reduction reflects a strong cash flow from operating activities of EUR 181.6 million (10.5), which, was driven by a successful working capital reduction program. Furthermore, net proceeds of EUR 151.5 million were raised with a rights offering and EUR 60 million with a hybrid bond. This resulted in a substantial improvement in gearing from 121% to 38%.
- Amer Sports Board of Directors proposes a dividend of EUR 0.16 per share (0.16 per share in 2008).

| EUR million                   | 10-12/<br>2009 | 10-12/<br>2008 | Ch % | Ch %*) | 2009    | 2008    | Ch % | Ch %*) |
|-------------------------------|----------------|----------------|------|--------|---------|---------|------|--------|
| Net sales                     | 482.8          | 495.3          | -3   | 1      | 1,533.4 | 1,576.6 | -3   | -4     |
| Gross profit                  | 196.5          | 184.3          | 7    | 11     | 620.0   | 633.0   | -2   | -4     |
| EBIT                          | 39.4           | 35.2           | 12   | 16     | 43.8    | 78.9    | -44  | -46    |
| Of net sales                  | 8.2            | 7.1            |      |        | 2.9     | 5.0     |      |        |
| Financing income and expenses | -7.1           | -11.3          |      |        | -18.4   | -33.3   |      |        |
| Earnings before taxes         | 32.3           | 23.9           | 35   |        | 25.4    | 45.6    | -44  |        |
| Net result                    | 36.6           | 17.7           |      |        | 31.4    | 34.0    | -8   |        |
| Earnings per share, EUR       | 0.37           | 0.20           |      |        | 0.28    | 0.37    |      |        |
| Equity per share, EUR         |                |                |      |        | 6.05    | 5.44    |      |        |
| ROCE, %                       |                |                |      |        | 4.3     | 7.9     |      |        |
| ROE, %                        |                |                |      |        | 5.0     | 6.7     |      |        |
| Equity ratio, %               |                |                |      |        | 48.2    | 30.6    |      |        |
| Gearing, %                    |                |                |      |        | 38      | 121     |      |        |
| Personnel at year end         |                |                |      |        | 6,331   | 6,338   |      |        |

\*) Change in local currency terms

Share-based key indicators have been adjusted for the impact of the share issue in 2009.

### **OUTLOOK AND GUIDANCE FOR 2010**

Amer Sports does not anticipate a quick recovery in the sporting goods market, and therefore the company's key priority is to improve its profitability through gross margin improvements and continued tight cost control. The company will also continue to focus on strict working capital management, although an improvement similar to the previous year cannot be expected. Capital expenditures and other investments will remain at the previous year's level. The company's tax rate is expected to be approximately 20%.

### **MESSAGE FROM PEKKA PAALANNE, ACTING PRESIDENT AND CEO:**

"Amer Sports declining sales trend turned slightly positive towards the end of the fourth quarter, although this reflected more the timing of winter sports deliveries and weak comparables in the Fitness segment than a recovery in the market. Our profitability also started to improve thanks to programs initiated during 2009, and we expect the favorable development to continue during 2010.

As a whole, last year was a very challenging one due to the recessionary environment. Consequently, Amer Sports results were the weakest during the past decade. Our key priority in 2009 was to strengthen the balance sheet, and in this task we exceeded our own plans. I'm particularly proud of the results of the working capital reduction program in which the whole organization was involved. During the year, we re-established a strong balance sheet and our gearing fell from 121% to 38%.

Over the past decade Amer Sports has undergone significant changes and has become a leading global sporting goods company. With the appointment of Heikki Takala as our new CEO and President, from April 1, 2010, the company will enter a new era."

### **For further information, please contact:**

Tommy Ilmoni, Vice President, IR and Corporate Communications, tel. +358 9 7257 8233  
Pekka Paalanne, Acting President and CEO, tel. +358 9 7257 8212

### **TELEPHONE CONFERENCE**

An English-language telephone conference call for investors and analysts will be held on Thursday, February 4 at 3:00 pm Finnish time. To participate in the conference call, please call +44 (0)203 003 2666 (UK/international dial-in number). The conference can also be followed from a direct transmission on the Internet, at [www.amersports.com](http://www.amersports.com).

A recorded version will be available later at the same address: replay number +44 208 196 1998 and access code 6801881#.

## FINANCIAL RESULTS 2009 (IFRS)

The sporting goods industry's market conditions were challenging throughout 2009. Weak global economic conditions and uncertainty about the financial markets' performance affected the sporting goods sector, including Amer Sports. The US market continued to suffer more than the European market and, in general, there was less demand for high-ticket items. For Amer Sports this meant large sales declines in the Fitness and Golf businesses in particular. On the other hand, the demand for low-ticket items remained relatively healthy, and some categories even saw clear growth, such as Salomon's footwear business.

### NET SALES AND EBIT IN OCTOBER–DECEMBER

Net sales for Amer Sports were at EUR 482.8 million (495.3), showing a fall of 3%. In local currencies, net sales were at last year's level.

#### Net sales by business segment

|                    | 10-12/<br>2009 | 10-12/<br>2008 | Change<br>% | Change<br>%*) | % of sales<br>10-12/09 | % of sales<br>10-12/08 |
|--------------------|----------------|----------------|-------------|---------------|------------------------|------------------------|
| <b>EUR million</b> |                |                |             |               |                        |                        |
| Winter and Outdoor | 329.2          | 326.6          | 1           | 3             | 68                     | 66                     |
| Ball Sports        | 94.7           | 110.0          | -14         | -8            | 20                     | 22                     |
| Fitness            | 58.9           | 58.7           | 0           | 10            | 12                     | 12                     |
| <b>Total</b>       | <b>482.8</b>   | <b>495.3</b>   | <b>-3</b>   | <b>1</b>      | <b>100</b>             | <b>100</b>             |

\*) In local currency terms

#### Geographic breakdown of net sales

|                    | 10-12/<br>2009 | 10-12/<br>2008 | Change<br>% | Change<br>%*) | % of sales<br>10-12/09 | % of sales<br>10-12/08 |
|--------------------|----------------|----------------|-------------|---------------|------------------------|------------------------|
| <b>EUR million</b> |                |                |             |               |                        |                        |
| Americas           | 154.6          | 178.8          | -14         | -6            | 32                     | 36                     |
| EMEA               | 266.1          | 249.5          | 7           | 8             | 55                     | 50                     |
| Asia Pacific       | 62.1           | 67.0           | -7          | -4            | 13                     | 14                     |
| <b>Total</b>       | <b>482.8</b>   | <b>495.3</b>   | <b>-3</b>   | <b>1</b>      | <b>100</b>             | <b>100</b>             |

\*) In local currency terms

#### EBIT by business segment

|                    | 10-12/<br>2009 | 10-12/<br>2008 | Change<br>% | Change<br>%*) | % of sales<br>10-12/09 | % of sales<br>10-12/08 |
|--------------------|----------------|----------------|-------------|---------------|------------------------|------------------------|
| <b>EUR million</b> |                |                |             |               |                        |                        |
| Winter and Outdoor | 42.5           | 36.7           | 16          | 20            | 12.9                   | 11.2                   |
| Ball Sports        | 2.2            | 3.4            | -35         | -28           | 2.3                    | 3.1                    |
| Fitness            | -0.5           | -2.3           |             |               |                        |                        |
| Headquarters       | -4.8           | -2.6           |             |               |                        |                        |
| <b>Total</b>       | <b>39.4</b>    | <b>35.2</b>    | <b>12</b>   | <b>16</b>     | <b>8.2</b>             | <b>7.1</b>             |

\*) In local currency terms

The Group's EBIT was EUR 39.4 million (35.2). The improvement reflects to a large extent both higher sales and a better profitability within the Winter Sports Equipment business area. EBIT includes bad debt provisions of EUR 5 million in the Fitness segment.

Net financial expenses amounted to EUR 7.1 million (11.3). Earnings before taxes were EUR 32.3 million (23.9), and earnings per share came to EUR 0.37 (0.20).

## NET SALES AND EBIT IN JANUARY–DECEMBER 2009

Amer Sports net sales were EUR 1,533.4 million (1,576.6), seeing a fall of 3%. In local currency terms, net sales fell by 4%.

### Net sales by business segment

| EUR million        | 2009    | 2008    | Change<br>% | Change<br>%*) | % of sales<br>2009 | % of sales<br>2008 |
|--------------------|---------|---------|-------------|---------------|--------------------|--------------------|
| Winter and Outdoor | 862.6   | 860.8   | 0           | 0             | 56                 | 55                 |
| Ball Sports        | 476.7   | 495.5   | -4          | -7            | 31                 | 31                 |
| Fitness            | 194.1   | 220.3   | -12         | -15           | 13                 | 14                 |
| Total              | 1,533.4 | 1,576.6 | -3          | -4            | 100                | 100                |

\*) In local currency terms

### Geographic breakdown of net sales

| EUR million  | 2009    | 2008    | Change<br>% | Change<br>%*) | % of sales<br>2009 | % of sales<br>2008 |
|--------------|---------|---------|-------------|---------------|--------------------|--------------------|
| Americas     | 620.5   | 677.8   | -8          | -12           | 40                 | 43                 |
| EMEA         | 735.0   | 723.0   | 2           | 3             | 48                 | 46                 |
| Asia Pacific | 177.9   | 175.8   | 1           | -3            | 12                 | 11                 |
| Total        | 1,533.4 | 1,576.6 | -3          | -4            | 100                | 100                |

\*) In local currency terms

### EBIT by business segment

| EUR million        | 2009  | 2008   | Change<br>% | Change<br>%*) | % of sales<br>2009 | % of sales<br>2008 |
|--------------------|-------|--------|-------------|---------------|--------------------|--------------------|
| Winter and Outdoor | 46.5  | 41.1   | 13          | 17            | 5.4                | 4.8                |
| Ball Sports        | 23.5  | 37.0   | -36         | -40           | 4.9                | 7.5                |
| Fitness            | -7.5  | 3.8    |             |               |                    | 1.7                |
| Headquarters       | -18.7 | 3.0**) |             |               |                    |                    |
| Total              | 43.8  | 78.9   | -44         | -46           | 2.9                | 5.0                |

\*) In local currency terms

\*\*\*) Including EUR 13 million capital gain

The Group's EBIT was EUR 43.8 million (78.9). The weakened results reflect mainly Amer Sports operations in North America as well as a one-time charge of EUR 5 million (net income EUR 7 million).

Net financial expenses, which amounted to EUR 18.4 million (33.3), included EUR 6.2 million in unrealized foreign exchange gains. Earnings before taxes came to EUR 25.4 million (45.6). Taxes were EUR 6.0 million positive (-11.6) due to increased deferred net tax assets. The deferred tax adjusted tax rate was 18% (25%), which is in line with the Group's on-going tax rate of 20%. Earnings per share were EUR 0.28 (0.37).

## CAPITAL EXPENDITURE

The Group's capital expenditure on fixed assets totaled EUR 39.5 (43.1) million, which is well in line with the depreciations of EUR 35.0 (38.2) million. The biggest projects were the roll-out of the global IT platform of EUR 10 million and Precor's new strength equipment facility of EUR 4.5 million in North Carolina, USA.

## RESEARCH AND DEVELOPMENT

EUR 52.0 million (55.6) was invested in research and development, representing 3.4% of net sales. Winter and Outdoor's share of R&D expenditure was 62%, while Ball Sports accounted for 12%, and Fitness for 26%.

## FINANCIAL POSITION AND CASH FLOW

Amer Sports had interest-bearing liabilities at the end of December of EUR 404.1 million (687.7), consisting of short-term debt of EUR 121.3 million and long-term debt of EUR 282.8 million. Liquid assets amounted to EUR 121.6 million (72.1) at the end of the period. The Group's net debt was EUR 282.5 million (615.6). The hybrid bond is treated as equity. Amer Sports' total unused committed credit facilities amounted to EUR 275.0 million.

| Type of debt     | Commercial papers | Other | Bank loan  | Syndicated credit facility*) | Bond | Pension loan | Other |
|------------------|-------------------|-------|------------|------------------------------|------|--------------|-------|
| EUR million      | 112               | 9     | 69**)      | 110                          | 75   | 26           | 3     |
| Share of debt, % | 28                | 2     | 17         | 27                           | 19   | 6            | 1     |
| Maturity         | < 6 months        | 2010  | 2011, 2012 | 2011, 2012                   | 2011 |              |       |

\*) Unused portion was EUR 215 million

\*\*) USD 100 million

Amer Sports has a EUR 325 million committed revolving credit facility, maturing in 2011 and 2012, of which EUR 110 million has been used. Furthermore, the company has, as of January 2009, committed revolving credit facilities of EUR 60 million maturing in January 2010.

Amer Sports' long-term debt consists of a EUR 75 million private placement bond maturing in 2011, a USD 100 million term loan and draw-downs totaling EUR 110 million as part of the original EUR 575 million loan syndicate of 2005 (maturing in 2011 and 2012), and a EUR 25.7 million pension loan.

Short-term financing is mainly raised with a EUR 500 million domestic commercial paper program, of which EUR 112.3 million had been used by the end of December.

In March, Amer Sports Corporation issued a EUR 60 million hybrid bond in order to strengthen its capital structure and to refinance existing debt. The coupon rate of the bond is 12.0% per annum. The bond has no maturity, but the company may call in the bond after three years. The hybrid bond is unsecured and subordinated to all senior debt and is treated as equity in Amer Sports consolidated financial statements. The hybrid bond does not confer shareholders' rights, nor does it dilute the holdings of shareholders.

The equity ratio at the end of December was 48.2 (30.6) and gearing was 38% (121).

Net cash flow from operating activities after interest and taxes was EUR 181.6 million (10.5). The substantial improvement in cash flow reflects a successful working capital reduction program. Net cash flow from investment activities was EUR -41.1 million (-14.6).

## EUR 160 million rights offering

As part of Amer Sports' measures to improve its balance sheet, the company undertook a rights offering that was completed on October 23, 2009. The proceeds from the rights offering have been used to strengthen Amer Sports' financial position and to improve the company's operational and strategic flexibility. As a result of the rights offering, the number of Amer Sports' shares increased by 48,471,734 to 121,517,285 shares. The total net proceeds of the rights offering amounted to EUR 151.5 million.

## BUSINESS SEGMENT REVIEWS

### WINTER AND OUTDOOR

| EUR million             | 10-12/<br>2009 | 10-12/<br>2008 | Change<br>% | Change<br>%*) | 2009  | 2008  | Change<br>% | Change<br>%*) |
|-------------------------|----------------|----------------|-------------|---------------|-------|-------|-------------|---------------|
| Net sales               |                |                |             |               |       |       |             |               |
| Winter Sports Equipment | 203.7          | 196.7          | 4           | 6             | 371.7 | 378.9 | -2          | -1            |
| Apparel and Footwear    | 73.8           | 73.9           | 0           | 2             | 304.7 | 277.9 | 10          | 11            |
| Cycling                 | 27.1           | 31.3           | -13         | -12           | 100.4 | 114.2 | -12         | -13           |
| Sports Instruments      | 24.6           | 24.7           | 0           | 4             | 85.8  | 89.8  | -4          | -5            |
| Net sales, total        | 329.2          | 326.6          | 1           | 3             | 862.6 | 860.8 | 0           | 0             |
| EBIT                    | 42.5           | 36.7           | 16          | 20            | 46.5  | 41.1  | 13          | 17            |
| Personnel, Dec 31       |                |                |             |               | 3,940 | 3,777 | 4           |               |

\*) In local currency terms

In 2009, Winter and Outdoor's net sales of EUR 862.6 million (860.8) were at last year's level in local currency terms. The breakdown of net sales by business area was as follows: Winter Sports Equipment 43%, Apparel and Footwear 35%, Cycling 12%, and Sports Instruments 10%. In 2009, the EMEA accounted for 68% of net sales, the Americas for 21%, and Asia Pacific for 11%.

| EUR million     | 10-12/<br>2009 | 10-12/<br>2008 | Change<br>% | Change<br>%*) | 2009  | 2008  | Change<br>% | Change<br>%*) |
|-----------------|----------------|----------------|-------------|---------------|-------|-------|-------------|---------------|
| Americas        | 50.8           | 60.8           | -16         | -12           | 181.1 | 202.3 | -10         | -12           |
| EMEA            | 236.1          | 219.2          | 8           | 9             | 585.4 | 558.8 | 5           | 6             |
| Asia Pacific    | 42.3           | 46.6           | -9          | -6            | 96.1  | 99.7  | -4          | -6            |
| Total net sales | 329.2          | 326.6          | 1           | 3             | 862.6 | 860.8 | 0           | 0             |

\*) In local currency terms

The EBIT of EUR 46.5 million (41.1) increased by 17% in local currency terms. The improvement reflects clearly better profitability in Winter Sports Equipment and the continued good level of profitability in Apparel and Footwear. The profitability of both Cycling and Sports Instruments weakened mainly due to lower sales. In October–December EBIT grew to EUR 42.5 million (36.6). Winter Sports Equipment's profitability improved significantly.

### Winter Sports Equipment

In 2009, Winter Sports Equipment's net sales of EUR 371.7 million (378.9) were at last year's level in local currencies. The biggest product categories were alpine ski equipment, representing 78% of net sales, cross country 12%, and snowboards 10%. Net sales of alpine ski equipment fell in local currency terms by 3%, snowboards fell by 10% and cross country increased by 22%.

The development of sales showed very different patterns in the key markets during 2009. The alpine and Nordic countries started to show signs of recovery with favorable weather conditions. The North American market continued to weaken whereas the Asian market was flat. Industry sales were relatively stable as a whole, at approximately EUR 1.4 billion: alpine ski equipment EUR 1.0 billion, snowboards EUR 0.3 billion, and cross-country ski equipment EUR 0.1 billion. The EMEA continued to be the largest winter sports region representing 71% of global sales, followed by the Americas with 17%, and Asia Pacific with 12%.

After significant restructuring in 2008, 2009 was the first year for the Winter Sports Equipment business operating under its new structure. Winter Sports Equipment successfully completed its consolidation of the manufacturing sites from ten to six at the beginning of the year. In addition, the integration of the Bulgarian ski factory, which was acquired in 2008, proceeded according to

plan. The Winter Sports Equipment business area produced a positive result after a very challenging period.

### **Apparel and Footwear**

Net sales in Apparel and Footwear increased by 11% in local currency terms to EUR 304.7 million (277.9). Net sales by product categories were as follows: footwear 55% and apparel and gear 45%. Net sales of footwear increased in local currency terms by 15%, and apparel and gear by 6%. The EMEA continued to be the largest business region representing 69% of global sales, followed by the Americas with 26%, and Asia Pacific with 5%.

Salomon strengthened its global position in the outdoor footwear market in 2009. The main growth drivers were the trail running footwear and the new progressive hiking-backpacking offer. The unique positioning of Salomon as the mountain apparel brand continued to generate positive results with sales growing faster than the market, especially in Europe. Ski apparel continued to grow and Salomon strengthened its position on the market. The Apparel and Footwear business is weighted towards the winter season. However, the outdoor and trail-running spring/summer collections have continued to be the fastest growing categories.

Despite a tough US environment and high exposure in the US market, Arc'teryx managed to increase its sales. This was mainly driven by a successful spring/summer collection.

Even though the US was the toughest market in 2009, Amer Sports estimates that its Apparel and Footwear business area's market share increased in the US. The outdoor trend remained strong and trail running as a category continued to gain popularity. The business area's good profitability was maintained in 2009.

### **Cycling**

Due to the challenging business climate in 2009, both independent bike dealers and bike manufacturers clearly reduced their inventories during the year. This resulted in a major fall in OEM orders and weak demand in the US especially.

Mavic saw net sales fall in local currencies by 13% to EUR 100.4 million (114.2). The biggest product categories were rims and wheels, representing 83% of net sales, and apparel and footwear 14%. Net sales of rims and wheels fell in local currency terms by 16%, and apparel and footwear by 3%. The distribution of Cycling's net sales by geographical region was as follows: EMEA 65%, Asia Pacific 21%, and the Americas 14%.

At the beginning of 2009, Mavic decided to recall its R-Sys front wheels and replace the original carbon spokes with a new and stronger construction. Customers appreciated the way this recall was managed, which showed Mavic's continuous commitment to maintaining its strong brand image. Improving the supply chain and maintain tight control of expenses were key focus areas in 2009. Mavic's profitability weakened in 2009 due to lower sales volumes and the disruption caused by the recall of R-Sys wheels.

On September 1, 2009, Amer Sports announced that it was exploring strategic alternatives in respect of its cycling business and that the review could result in the divestment of Mavic. Amer Sports evaluated several different options, and reached the conclusion that the divestment of Mavic would not be in the best interest of shareholders. Instead Amer Sports will concentrate its efforts on further developing its cycling business.

### **Sports Instruments**

Net sales of Sports Instruments' net sales fell by 5% in local currency terms to EUR 85.8 million (89.8). Over the years, wristop computers and diving instruments have consistently increased their share of Suunto's total net sales: reaching 80% of total business in 2009. Net sales of wristop computers increased in local currency terms by 3% and diving instruments fell by 13%. The distribution of net sales by geographical region was as follows: EMEA 56%, the Americas 29%, and Asia Pacific 15%. Suunto's profitability weakened in 2009.



In 2009, Suunto entered the premium sports watch market with the Suunto Elementum collection.

### Winter and Outdoor outlook 2010

The Winter and Outdoor segment is well positioned to continue to improve its profitability. The Apparel and Footwear business area continues to extend its direct-to-consumer program and its profitability is expected to remain at a good level. Within Winter Sports Equipment, Cycling and Sports Instruments the focus is on improving gross margins while maintaining tight cost control.

### BALL SPORTS

| EUR million       | 10-12/<br>2009 | 10-12/<br>2008 | Change<br>% | Change<br>%*) | 2009  | 2008  | Change<br>% | Change<br>%*) |
|-------------------|----------------|----------------|-------------|---------------|-------|-------|-------------|---------------|
| Net sales         |                |                |             |               |       |       |             |               |
| Racquet Sports    | 40.9           | 45.1           | -9          | -5            | 222.7 | 227.0 | -2          | -5            |
| Team Sports       | 43.6           | 52.8           | -17         | -8            | 187.3 | 189.9 | -1          | -6            |
| Golf              | 10.2           | 12.1           | -16         | -13           | 66.7  | 78.6  | -15         | -16           |
| Net sales, total  | 94.7           | 110.0          | -14         | -8            | 476.7 | 495.5 | -4          | -7            |
| EBIT              | 2.2            | 3.4            | -35         | -28           | 23.5  | 37.0  | -36         | -40           |
| Personnel, Dec 31 |                |                |             |               | 1,586 | 1,731 | -8          |               |

\*) In local currency terms

In 2009, Ball Sports net sales of EUR 476.7 million (495.5) fell by 7% in local currencies. The breakdown of net sales by business area was as follows: Racquet Sports 47%, Team Sports 39%, and Golf 14%. The Americas generated 63% of net sales, EMEA 23%, and Asia Pacific 14%.

| EUR million  | 10-12/<br>2009 | 10-12/<br>2008 | Change<br>% | Change<br>%*) | 2009  | 2008  | Change<br>% | Change<br>%*) |
|--------------|----------------|----------------|-------------|---------------|-------|-------|-------------|---------------|
| Americas     | 61.7           | 74.9           | -18         | -9            | 298.7 | 316.9 | -6          | -10           |
| EMEA         | 18.0           | 19.2           | -6          | -4            | 111.5 | 119.1 | -6          | -4            |
| Asia Pacific | 15.0           | 15.9           | -6          | -6            | 66.5  | 59.5  | 12          | 4             |
| Total        | 94.7           | 110.0          | -14         | -8            | 476.7 | 495.5 | -4          | -7            |

\*) In local currency terms

The EBIT of EUR 23.5 million (37.0), fell by 40% in local currency terms. The lower EBIT was the result of revenue declines and lower margins driven by the recessionary environment. The Americas and the Golf business area were impacted in particular. The 2009 revenue declines were also affected by the inventory destocking trend in retail. In October–December EBIT was 2.2 million (3.4) and close to the previous year's level.

### Racquet Sports

In local currencies, Racquet Sports' net sales fell in local currency terms by 5% to EUR 222.7 million (227.0). The breakdown of Racquet Sports sales by region was as follows: the Americas 42%, EMEA 36% and Asia Pacific 22%. In local currencies, the Americas saw a fall of 12%, EMEA fell by 2% whereas Asia Pacific grew by 6%. The decline in the Americas was driven by the poor economic environment. The growth in Asia Pacific reflects a positive development in both Australia and Korea combined with the expanded distribution in China. Racquet Sports' profitability remained at a good level.

For 2009, market trends remained stable for Racquet Sports. Wilson's position as the leading tennis racket brand strengthened further. Its strong racket brand position was leveraged to drive growth in tennis strings and accessories. The biggest product categories were tennis rackets, representing 40% of net sales, and tennis balls 22%. Net sales of tennis rackets fell in local currency terms by 9%, and tennis balls were at least year's level.



Shipments of the new BLX racket line started in January 2010. Roger Federer, Juan Martin Del Potro, and Justine Henin debuted successfully the new technology at the 2010 Australian Open.

### Team Sports

In local currencies, Team Sports' net sales fell in local currency terms by 6% to EUR 187.3 million (189.9). The breakdown of Team Sports sales by region is as follows: the Americas 94%, EMEA 2% and Asia Pacific 4%. In local currencies, the Americas fell by 6%, the EMEA fell by 19% and Asia grew by 25%. Team Sports' profitability weakened due to revenue declines and lower margins driven by the recessionary environment.

The business environment in the Americas remained challenging due to the economic environment and the inventory destocking trend by the trade. The growth in Asia Pacific was driven by Korea, where the baseball strategies have been successful. The biggest product categories were American footballs, representing 21% of net sales, baseballs and gloves with 20%, baseball and softball bats with 17%, and basketballs with 15%. Net sales of American footballs fell in local currency terms by 10%, baseballs and gloves increased by 2%, baseball/softball bats were at last year's level, and basketballs fell by 4%.

### Golf

In local currencies, Golf's net sales fell in local currency terms by 16% to EUR 66.7 million (78.6). The breakdown of sales by market was: the Americas 44%, EMEA 44% and Asia Pacific 12%. In local currencies, the Americas fell by 25%, the EMEA fell by 4%, and Asia Pacific fell by 19%. The biggest product categories were clubs, representing 59% of net sales, and balls 26%. Net sales of clubs fell in local currencies by 15%, and balls by 21%.

The golf equipment market remained very competitive. The overall market decline created a challenge for brands and retailers alike. Wilson Golf's profitability was affected by the challenging market environment.

Wilson Golf's strategy is to focus on the iron category and the brand is committed to making the best irons in the industry. Several new award-winning products have been launched in 2010.

### Ball Sports outlook 2010

A slight recovery is expected in the Ball Sports segment, driven by retail distribution gains and assumed restocking due to low trade inventory levels. Ball Sports' profitability is expected to improve mainly due to gross margin improvements and tight cost control.

### FITNESS

| EUR million       | 10-12/<br>2009 | 10-12/<br>2008 | Change<br>% | Change<br>%*) | 2009  | 2008  | Change<br>% | Change<br>%*) |
|-------------------|----------------|----------------|-------------|---------------|-------|-------|-------------|---------------|
| Net sales         | 58.9           | 58.7           | 0           | 10            | 194.1 | 220.3 | -12         | -15           |
| EBIT              | -0.5           | -2.3           |             |               | -7.5  | 3.8   |             |               |
| Personnel, Dec 31 |                |                |             |               | 737   | 765   | -4          |               |

\*) In local currency terms.

In 2009, Fitness' net sales fell by 15% in local currencies to EUR 194.1 million (220.3). The Americas accounted for 72% of net sales, EMEA for 20%, and Asia Pacific for 8%.

| EUR million  | 10-12/<br>2009 | 10-12/<br>2008 | Change<br>% | Change<br>%*) | 2009  | 2008  | Change<br>% | Change<br>%*) |
|--------------|----------------|----------------|-------------|---------------|-------|-------|-------------|---------------|
| Americas     | 42.3           | 43.6           | -3          | 8             | 140.7 | 158.8 | -11         | -15           |
| EMEA         | 11.9           | 11.2           | 6           | 11            | 38.1  | 45.4  | -16         | -11           |
| Asia Pacific | 4.7            | 3.9            | 21          | 30            | 15.3  | 16.1  | -5          | -19           |
| Total        | 58.9           | 58.7           | 0           | 10            | 194.1 | 220.3 | -12         | -15           |

\*) In local currency terms

EBIT fell to EUR -7.5 million (3.8) due to the sharp fall in sales, which could not be fully offset by the cost reduction programs. In October–December, EBIT was -0.5 million (-2.3), including bad debt provisions of EUR 5 million.

Fitness equipment manufacturers worldwide experienced significant reductions in sales in both the commercial and consumer markets during 2009. Of Precor's net sales, clubs and institutions represented 87% and home use was 13%.

The commercial business (clubs and institutions) fell by 14% in local currencies. A dependable driver of commercial equipment sales growth had been the opening of new facilities. With tightened credit markets and uncertain consumer spending, most fitness customers held off on expansion plans in 2009. Within existing facilities, a reduction in customer spending on extras such as personal training and pro-shop gear led to lower revenues, which in turn drove owners to cut expenses. Many chose to address expense cuts by deferring plans for new fitness equipment, preferring to stretch the service life of their existing equipment. In the fourth quarter of 2009, commercial business saw a slight improvement as club operators increased their investments in new and replacement equipment.

The consumer (home use) business fell by 19% in local currencies. The market for consumer equipment experienced a second year of decline with the premium segment, where Precor competes particularly, exposed to the broader trend of reduced discretionary spending. Financial weakness among specialty fitness dealers, the primary distribution channel for premium home equipment, magnified market challenges.

Related to the construction of the new strength equipment production facility in North Carolina, Precor has had significant capital expenditures in 2009. The total amount is approximately EUR 4.5 million. The facility is now in use and will provide the required capacity for the recently launched selectorized strength lines and reduce manufacturing costs.

#### Fitness outlook 2010

In the near-term the outlook for the industry is uncertain. However, as 2009 progressed sales became more predictable and, in the fourth quarter, Precor returned to growth. Precor has strengthened its position during the downturn by continuing market penetration of the AMT®, successfully launching two new lines of strength equipment, and winning key international hospitality accounts. Precor is well positioned when demand returns in the fitness industry.

#### PERSONNEL

At the end of December, the Group employed 6,331 people (6,338). The Group employed an average of 6,362 people (6,285) during the review period.

|                    | December 31,<br>2009 | December 31,<br>2008 | Change<br>% |
|--------------------|----------------------|----------------------|-------------|
| Winter and Outdoor | 3,940                | 3,777                | 4           |
| Ball Sports        | 1,586                | 1,731                | -8          |
| Fitness            | 737                  | 765                  | -4          |
| Headquarters       | 68                   | 65                   | 5           |
| Total              | 6,331                | 6,338                | 0           |

|              | December 31,<br>2009 | December 31,<br>2008 | Change<br>% |
|--------------|----------------------|----------------------|-------------|
| EMEA         | 3,590                | 3,428                | 5           |
| Americas     | 2,195                | 2,337                | -6          |
| Asia Pacific | 546                  | 573                  | -5          |
| Total        | 6,331                | 6,338                | 0           |

## **BOARD OF DIRECTORS AND MANAGEMENT OF THE COMPANY**

Amer Sports Corporation reorganized its management model in 2009 by creating a single group-wide Amer Sports management team. The purpose of the new Executive Board is to strengthen the development and consistent execution of Amer Sports' corporate strategy across all business areas and regions, driving Group integration, common goals, and the Group's overall performance.

In 2009, the following new members were appointed to the Executive Board: Jean-Marc Pambet, President of Apparel and Footwear, Bernard Millaud, President of Cycling; Terhi Heikkinen, Senior Vice President Human Resources; and Antti Jääskeläinen, Chief Development Officer. Due to the change, the Amer Sports Executive Team ceased to exist.

On December 22, 2009, Amer Sports Board of Directors appointed Mr. Heikki Takala (MSc) as Amer Sports' President and CEO effective from April 1, 2010. Roger Talermo will continue in a special role assigned by Amer Sports Board of Directors until the June 21, 2010, after which he will resign from the company. Pekka Paalanne, Executive Vice President and Deputy to the President and CEO was appointed as acting President and CEO from December 22, 2009, until March 31, 2010.

### **Amer Sports Executive Board members as of December 31, 2009:**

- Pekka Paalanne, Acting President and CEO (December 22, 2009–March 31, 2010)
- Thomas Ehrnrooth, Senior Vice President Sales and Channel Management
- Vincent Wauters, Senior Vice President Supply Chain and Information Technology
- Terhi Heikkinen, Senior Vice President Human Resources
- Antti Jääskeläinen, Chief Development Officer
- Chris Considine, President of Ball Sports
- Paul Byrne, President of Fitness Equipment
- Juha Pinomaa, President of Sports Instruments
- Michael Schineis, President of Winter Sports Equipment
- Jean-Marc Pambet, President of Apparel and Footwear
- Bernard Millaud, President of Cycling

Amer Sports' Executive Board members are presented in more detail at [www.amersports.com/about](http://www.amersports.com/about).

## **CORPORATE GOVERNANCE STATEMENT**

Amer Sports has issued its Corporate Governance statement as a separate report. Amer Sports' auditors have checked that the statement has been issued and that the description of the main features of the internal control and risk management systems in relation to the financial reporting process is consistent with Amer Sports' financial statements. The Corporate Governance Code is publicly available on Amer Sports' website [www.amersports.com](http://www.amersports.com), in the Corporate governance section.

## **SHARES AND SHAREHOLDERS**

The company's paid-up share capital recorded in the Trade Register as of December 31, 2009 was EUR 292,182,204. On December 31, 2009, the company had a market capitalization of EUR 848.3 million (389.7), excluding own shares.

On October 23, 2009 the final outcome of Amer Sports' rights offering showed that 48,070,466 million shares, representing 99.2% of the total number of shares offered, were subscribed for with subscription rights. The remaining 401,268 shares were subscribed for without subscription rights. As a result of the rights offering, the number of Amer Sports' shares increased on October 26, 2009, by 48,471,734 shares to 121,517,285 shares.

### **Amer Sports' rights offering**

A total of 48,471,734 new shares were subscribed for in Amer Sports' rights offering. The subscription period for the offering ended on October 19, 2009. All the new shares were

registered with the Trade Register on October 26, 2009. Following the registration, the total number of Amer Sports' shares is 121,517,285 shares. The new shares include the right to dividends and other distributions as well as other shareholder rights, effective from the registration date of October 26, 2009.

The highest price of the subscription rights on the OMX Helsinki Stock Exchange was EUR 2.15, and the lowest EUR 1.23, and the last trading price was EUR 2.11. In 2009, a total of 8.6 million were traded at a total price of EUR 13.1 million.

### Trading in shares

Over the course of the period, a total of 71.0 million (101.3) Amer Sports shares were traded on the NASDAQ OMX Helsinki exchange, to a total value of EUR 458.3 million (1,172.5). The share turnover was 76.4% (139.6) (of the average number of shares, excluding own shares).

At the close of the review period, the last trading in Amer Sports Corporation shares was at EUR 7.00. The high for the period on the NASDAQ OMX Helsinki exchange was EUR 7.19, and the low EUR 3.67. The average share price was EUR 6.45.

### Major shareholders, December 31, 2009 (includes no nominee registrations)

|    |  | Shares    | % of shares<br>and votes |
|----|--|-----------|--------------------------|
| 1  | Maa- ja Vesitekniiikan Tuki ry.            | 5,000,000 | 4.1                      |
| 2  | Varma Mutual Pension Insurance Company     | 4,770,210 | 3.9                      |
| 3  | Ilmarinen Mutual Pension Insurance Company | 4,191,668 | 3.4                      |
| 4  | Brotherus Ilkka                            | 2,681,179 | 2.2                      |
| 5  | The State Pension Fund                     | 1,937,556 | 1.6                      |
| 6  | Odin Norden                                | 1,684,832 | 1.4                      |
| 7  | Tapiola Mutual Pension Insurance Company   | 1,614,500 | 1.3                      |
| 8  | Mandatum Life Insurance Company            | 1,609,680 | 1.3                      |
| 9  | Odin Finland                               | 1,090,888 | 0.9                      |
| 10 | OP-Finland Value Fund                      | 1,025,000 | 0.8                      |

At the end of December, Amer Sports had 13,342 registered shareholders (12,320). Outside Finland, ownership and nominee registrations represented 52.6% (45.2%) of the shares. Public sector entities owned 12.5%, households 12.4%, financial and insurance corporations 11.7%, non-profit institutions 8.2%, and private companies 2.3%. Amer Sports had 334,900 own shares, which are owned by Amer Sports International Oy. The number of own shares corresponds to 0.3% of all Amer Sports shares.

### Major changes in holdings

Amer Sports Corporation received information on February 19, 2009, to the effect that Novator Finland Oy converted all of its NASDAQ OMX forward contracts into direct holdings in shares of Amer Sports Corporation on February 18, 2009. After settlement of the NASDAQ OMX forward contracts concerning 7,000,000 shares in Amer Sports Corporation, Novator Finland Oy then held 14,688,900 shares, representing 20.11% of the shares and voting rights in Amer Sports Corporation. On July 2, 2009, Amer Sports Corporation was notified that Novator Finland Oy had sold its entire holding of shares in the company.

Amer Sports Corporation received information on February 19, 2009, to the effect that the Danske Bank A/S Helsinki Branch's share capital and voting rights in Amer Sports fell under 5% (1/20) on February 23, 2009, due to a transaction completed on February 18, 2009. The Danske Bank A/S Helsinki Branch held then no shares in Amer Sports Corporation.

The stock exchange announcements on major changes in shareholdings in 2009 can be found on the Amer Sports Web pages at [www.amersports.com/investors](http://www.amersports.com/investors).

### Disclosure of control

Amer Sports' Board of Directors is not aware of any natural or legal persons who have control over the company or has information on these persons' portion of the voting rights of the shares and of the total number of shares.

### Agreements and arrangements relating to shareholdings and use of voting rights

Amer Sports' Board of Directors is not aware of any agreements or arrangements concerning the ownership of the company's shares and the use of their voting rights.

### Shareholdings of the management and administrative bodies, December 31, 2009

| Shareholder   | Shares    | Circle of acquaintances and controlled corporations |
|---|-----------|---|
| <i>Board of Directors</i>                                     |           |   |
| Anssi Vanjoki   | 23,416    |   |
| Ilkka Brotherus   | 2,681,179 | 10,250  |
| Martin Burkhalter   | 5,091     |   |
| Christian Fischer   | 5,091     |   |
| Hannu Ryöppönen   | 3,375     | 14,175  |
| Bruno Sälzer  | 5,091     |   |
| Pirjo Väliäho   | 7,302     |   |
| <i>Executive Board</i>  |           |   |
| Pekka Paalanne  | 52,000    |   |
| Paul Byrne  | 0         |   |
| Chris Considine   | 7,150     |   |
| Thomas Ehrnrooth  | 22,500    |   |
| Terhi Heikkinen   | 0         |   |
| Antti Jääskeläinen  | 0         |   |
| Bernard Millaud   | 6,875     |   |
| Jean-Marc Pambet  | 6,875     |   |
| Juha Pinomaa  | 5,850     | 15  |
| Michael Schineis  | 10,000    |   |
| Vincent Wauters   | 24,491    |   |
| TOTAL   | 2,866,286 |   |
| % of shares   | 2.36      |   |
| Including circle of acquaintances and controlled corporations |           |   |
|   | 2,890,726 |   |
| % of shares   | 2.38      | 24,440  |

### Exercise of warrants

The highest price of the 2004 warrants on the OMX Helsinki Stock Exchange was EUR 1.30, and the lowest EUR 0.11. In 2009, a total of 5,700 warrants were traded at a total price of EUR 4,609.

### Amendments to the terms and conditions of the warrant programs

Pursuant to the terms and conditions of Amer Sports' warrant programs, Amer Sports' Board of Directors must amend the terms and conditions of the warrant programs to take into account the impact of the rights offering by adjusting the exercise price of the warrants and/or the number of shares that can be subscribed for through exercise of the warrants in a manner to be determined by the Board of Directors. On October 29, 2009, Amer Sports' Board of Directors decided on such amendments. The terms and conditions of its publicly traded 2004 warrants were amended to the effect that each 2004 warrant entitles its holder to subscribe for five shares at the subscription price of EUR 9.44 per share.

## **RESOLUTIONS OF THE GENERAL MEETINGS OF SHAREHOLDERS**

Amer Sports' Annual General Meeting of shareholders, which was held on March 5, 2009, authorized the Board of Directors to decide on issuing new shares on the following terms and conditions: New shares may be issued and the company's own shares held by the company may be conveyed against payment ("Share Issue Against Payment") to the company's shareholders in proportion to their current shareholdings in the company. By virtue of the authorization, the Board of Directors is entitled to decide on issuing a maximum of 7,000,000 new shares. The subscription price of the new shares shall be booked to the invested non-restricted equity fund. The authorization to issue shares is valid for two years from the date of the decision of the Annual General Meeting.

On March 5, 2009, the Annual General Meeting re-elected Anssi Vanjoki, Ilkka Brotherus, Pirjo Väliäho, Martin Burkhalter, Christian Fischer, and Bruno Sälzer as members of the Board of Directors, and appointed Hannu Ryöppönen as a new board member. The Board's term of service will run until the close of the 2010 Annual General Meeting. The Authorized Public Accountant PricewaterhouseCoopers Oy was elected to act as the company's auditor. Jouko Malinen, Authorized Public Accountant, was elected as the auditor in charge of the audit.

### **Extraordinary General meeting, September 23, 2009**

The Extraordinary General Meeting of Amer Sports' shareholders held on September 23, 2009, authorized the Board of Directors to undertake a share issue for consideration in which the shareholders were entitled to subscribe for new shares in proportion to their existing shareholdings. The Board of Directors was authorized to decide upon offering any shares that may remain unsubscribed for pursuant to the shareholders' pre-emptive rights to parties determined by the Board of Directors. By virtue of the authorization, the Board of Directors was entitled to decide on issuing a maximum of 150,000,000 new shares in the share issue. The Board of Directors was authorized to determine the other terms and conditions of the share issue. The authorization of the Board of Directors to undertake the share issue did not supersede or otherwise invalidate the share issue authorization granted to the Board of Directors by the Annual General Meeting on March 5, 2009.

### **Authorization to repurchase or convey own shares**

Amer Sports did not acquire any its own shares during 2009. Amer Sports' Board of Directors does not have a valid authorization to acquire or dispose of Amer Sports' own shares.

The documentation and press releases related to the meetings are available on the company's website, at [www.amersports.com](http://www.amersports.com).

## **SIGNIFICANT RISKS AND UNCERTAINTIES**

Amer Sports' business is balanced by its broad portfolio of sports and brands as well as its presence in all major markets. Amer Sports Corporation's short-term risks are particularly associated with consumer demand in North America and Europe and successful execution of its cost reduction and efficiency improvement measures.

For example, the following risks can potentially have an impact on the company's development:

- The United States represents 40% of the world-wide sporting goods market and approximately 40% of Amer Sports' sales. There is a correlation between the demand for sporting goods and the development of US retail sales. Therefore, a change in overall US retail sales can have an impact on Amer Sports' business.
- Winter sports equipment represents 24% of Amer Sports' sales. Weather conditions can have an impact on the company's results. Historically, however, poor snow conditions in one region are compensated for by good snow conditions in another region.
- A change in the euro's value vis-à-vis other currencies has an impact on Amer Sports' results. The impact, however, is limited due to the fact that the company's euro-US dollar position is relatively balanced.
- Despite extensive testing of its products before market launch, the company cannot completely rule out the risk of product recalls and legal actions related to product liability.



Amer Sports has standard insurance cover against the financial consequences of product recalls and product liability cases. Product quality issues could harm Amer Sports' reputation and, as a result, could have an adverse effect on its sales.

- Losing a significant client would affect Amer Sports' sales. However, this risk is limited because Amer Sports' client base is diversified, with the five largest clients accounting for less than 10% of the company's annual sales.
- Amer Sports uses steel, rubber, and oil-based raw materials and components in its products. Price increases affecting these materials can have a negative impact on product costs. Amer Sports typically introduces new products every year, which can, depending on the market situation, offset the impact of material cost increases.
- A large part of Amer Sports' production is outsourced. The aim is to minimize the supply, quality, and price risks associated with purchasing. Although the business areas audit their subcontractors regularly, possible delivery problems or breaches of contract by subcontractors may have an impact on Amer Sports' operations.
- Amer Sports' most important production facilities are the Winter Sports Equipment factories in Austria and Bulgaria, Precor's factory in the United States, and the Suunto factory in Finland. In addition, Amer Sports has major factories in Eastern Europe, which are owned by subcontractors. Amer Sports' most important distribution centers are located in Germany, Austria, the United States, and France. Any unexpected production or delivery breaks in these units would have a negative impact on the company's business.
- A characteristic feature of the sporting goods industry is the need to protect intellectual property rights and disputes connected with them. The material impacts on Amer Sports' financial position and operational result arising from pending litigation affecting the business areas and decisions of the authorities are assessed regularly, and current estimates are presented publicly when necessary.
- Amer Sports has goodwill and intangible assets with the indefinite lifetime of EUR 453 million on its balance sheet, as at December 31, 2009, which is 62% of the company's net equity. The valuation of goodwill and intangible assets on Amer Sports' consolidated balance sheet is, to a significant degree, dependent on management estimates of the future cash generation capacity of the relevant assets or cash generating units. Management reviews the carrying amounts of its goodwill and intangible assets annually to determine whether there is any indication of impairment. The company undertook goodwill and intangible asset impairment testing during the fourth quarter of 2009 and did not indicate any impairment in its 2009 financial statements.
- Amer Sports sources a significant portion of its products from subcontractors located throughout Asia, which exposes it to the political, economic, and regulatory conditions in that area, and to a variety of local business and labor practice issues. The violation of labor laws, regulations or standards by Amer Sports' subcontractors, or the divergence of those subcontractors' labor practices from those generally accepted as ethical in the European Union or the international community, could have a material adverse effect on Amer Sports' public image and the reputation of its brands.
- Amer Sports relies on data communications to operate its business, and it is in the process of integrating its IT platform globally and implementing further applications to better control its supply chain. System failures and service interruptions may occur as the result of a number of factors. Any of these factors could have a material adverse effect on Amer Sports' business.

#### **OUTLOOK FOR 2010**

Amer Sports does not anticipate a quick recovery in the sporting goods market, and therefore the company's key priority is to improve its profitability through gross margin improvements and continued tight cost control. The company will also continue to focus on strict working capital management, although an improvement similar to the previous year cannot be expected. Capital expenditures and other investments will remain at the previous year's level. The company's tax rate is expected to be approximately 20%.



#### **DIVIDEND POLICY**

Amer Sports wishes to be seen as a competitive investment that increases shareholder value through a combination of dividends and share price performance. The company therefore pursues a progressive dividend policy reflecting its results, with the objective of distributing a dividend of at least one-third of annual net profits.

#### **BOARD OF DIRECTORS' PROPOSAL FOR DISTRIBUTION OF EARNINGS**

The parent company's unrestricted shareholders' equity amounts to EUR 407,895,630.60, of which the net result for the period is EUR -27,979,155.99.

The Board of Directors proposes to the Annual General Meeting that the distributable earnings be used as follows:

- A dividend of EUR 0.16 per share, totaling EUR 19,442,765.60 to be paid to shareholders
  - EUR 388,452,865.00 to be carried forward in unrestricted shareholders' equity
- Totaling EUR 407,895,630.60

No dividend will be paid for own shares held by the company.

There have been no significant changes to the company's financial position since the close of the financial period. According to the Board of Directors, the proposed dividend distribution does not endanger the company's financial standing.

## TABLES

The figures presented in this stock exchange release are based on the Group's audited financial statements, and it has been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU. The notes are an integral part of consolidated financial information.

EUR million

### CONSOLIDATED RESULTS

|   | 1-12/<br>2009 | 1-12/<br>2008 | Change<br>% | 10-12/<br>2009 | 10-12/<br>2008 | Change<br>% |
|---|---------------|---------------|-------------|----------------|----------------|-------------|
| <b>NET SALES</b>                          | 1,533.4       | 1,576.6       | -3          | 482.8          | 495.3          | -3          |
| Cost of goods sold                        | -913.4        | -943.6        |             | -286.3         | -311.0         |             |
| <b>GROSS PROFIT</b>                       | 620.0         | 633.0         | -2          | 196.5          | 184.3          | 7           |
| License income                            | 8.2           | 14.3          |             | 1.6            | 4.1            |             |
| Other operating income                    | 4.6           | 18.9          |             | -0.3           | 3.2            |             |
| R&D expenses                              | -52.0         | -55.6         |             | -14.1          | -16.0          |             |
| Selling and marketing expenses            | -398.6        | -406.2        |             | -111.2         | -112.6         |             |
| Administrative and other expenses         | -138.4        | -125.5        |             | -33.1          | -27.8          |             |
| <b>EARNINGS BEFORE INTEREST AND TAXES</b> | 43.8          | 78.9          | -44         | 39.4           | 35.2           | 12          |
| % of net sales                            | 2.9           | 5.0           |             | 8.2            | 7.1            |             |
| Financing income and expenses             | -18.4         | -33.3         |             | -7.1           | -11.3          |             |
| <b>EARNINGS BEFORE TAXES</b>              | 25.4          | 45.6          | -44         | 32.3           | 23.9           | 35          |
| Taxes                                     | 6.0           | -11.6         |             | 4.3            | -6.2           |             |
| <b>NET RESULT</b>                         | 31.4          | 34.0          | -8          | 36.6           | 17.7           |             |

Attributable to:

Equity holders of the parent company

Minority interests

|      |      |      |      |
|------|------|------|------|
| 31.3 | 33.9 | 36.6 | 17.7 |
| 0.1  | 0.1  | 0.0  | 0.0  |

Earnings per share, EUR

Earnings per share, diluted, EUR

|      |      |      |      |
|------|------|------|------|
| 0.28 | 0.37 | 0.37 | 0.20 |
| 0.28 | 0.37 | 0.37 | 0.20 |

Adjusted average number of shares in issue less own shares, million

|      |      |
|------|------|
| 97.7 | 92.7 |
|------|------|

Adjusted average number of shares in issue less own shares, diluted, million

|      |      |
|------|------|
| 97.7 | 92.7 |
|------|------|

Equity per share, EUR

ROCE, % \*)

ROE, %

Average rates used:

EUR 1.00 = USD

|      |      |
|------|------|
| 6.05 | 5.44 |
| 4.3  | 7.9  |
| 5.0  | 6.7  |
| 1.47 | 1.47 |

\*) 12 months' rolling average

Share-based key indicators have been adjusted for the impact of the share issue in 2009.

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

|  | 1-12/<br>2009 | 1-12/<br>2008 | 10-12/<br>2009 | 10-12/<br>2008 |
|--|---------------|---------------|----------------|----------------|
| Net result                             | 31.4          | 34.0          | 36.6           | 17.7           |
| <b>Other comprehensive income</b>      |               |               |                |                |
| Translation differences                | -0.5          | 4.3           | 5.8            | 8.3            |
| Cash flow hedges                       | 1.1           | -4.7          | 1.7            | -8.7           |
| Income tax related to cash flow hedges | -0.3          | 1.2           | -0.5           | 2.2            |
| Other comprehensive income, net of tax | 0.3           | 0.8           | 7.0            | 1.8            |
| <b>Total comprehensive income</b>      | <b>31.7</b>   | <b>34.8</b>   | <b>43.6</b>    | <b>19.5</b>    |

## Total comprehensive income attributable to:

|                                      |      |      |      |      |
|--------------------------------------|------|------|------|------|
| Equity holders of the parent company | 31.6 | 34.7 | 43.6 | 19.5 |
| Minority interests                   | 0.1  | 0.1  | 0.0  | 0.0  |

# NET SALES BY BUSINESS SEGMENT

|                    | 1-12/<br>2009  | 1-12/<br>2008  | Change<br>% | 10-12/<br>2009 | 10-12/<br>2008 | Change<br>% |
|--------------------|----------------|----------------|-------------|----------------|----------------|-------------|
| Winter and Outdoor | 862.6          | 860.8          | 0           | 329.2          | 326.6          | 1           |
| Ball Sports        | 476.7          | 495.5          | -4          | 94.7           | 110.0          | -14         |
| Fitness            | 194.1          | 220.3          | -12         | 58.9           | 58.7           | 0           |
| <b>Total</b>       | <b>1,533.4</b> | <b>1,576.6</b> | <b>-3</b>   | <b>482.8</b>   | <b>495.3</b>   | <b>-3</b>   |

# EBIT BY BUSINESS SEGMENT

|                    | 1-12/<br>2009 | 1-12/<br>2008 | Change<br>% | 10-12/<br>2009 | 10-12/<br>2008 | Change<br>% |
|--------------------|---------------|---------------|-------------|----------------|----------------|-------------|
| Winter and Outdoor | 46.5          | 41.1          | 13          | 42.5           | 36.7           | 16          |
| Ball Sports        | 23.5          | 37.0          | -36         | 2.2            | 3.4            | -35         |
| Fitness            | -7.5          | 3.8           |             | -0.5           | -2.3           |             |
| Headquarters       | -18.7         | -3.0*)        |             | -4.8           | -2.6           |             |
| <b>Total</b>       | <b>43.8</b>   | <b>78.9</b>   | <b>-44</b>  | <b>39.4</b>    | <b>35.2</b>    | <b>12</b>   |

\*) Including EUR 13 million capital gain

# GEOGRAPHIC BREAKDOWN OF NET SALES

|              | 1-12/<br>2009  | 1-12/<br>2008  | Change<br>% | 10-12/<br>2009 | 10-12/<br>2008 | Change<br>% |
|--------------|----------------|----------------|-------------|----------------|----------------|-------------|
| Americas     | 620.5          | 677.8          | -8          | 154.6          | 178.8          | -14         |
| EMEA         | 735.0          | 723.0          | 2           | 266.1          | 249.5          | 7           |
| Asia Pacific | 177.9          | 175.8          | 1           | 62.1           | 67.0           | -7          |
| <b>Total</b> | <b>1,533.4</b> | <b>1,576.6</b> | <b>-3</b>   | <b>482.8</b>   | <b>495.3</b>   | <b>-3</b>   |

# CONSOLIDATED CASH FLOW STATEMENT

|  | Note | 1-12/2009 | 1-12/2008 |
|--|------|-----------|-----------|
| EBIT   |      | 43.8      | 78.9      |
| Adjustments to cash flow from operating activities and depreciation  |      | 34.6      | 20.6      |
| Change in working capital  |      | 136.7     | -42.6     |
| Cash flow from operating activities before financing items and taxes |      | 215.1     | 56.9      |
| Interest paid and received   |      | -20.9     | -31.9     |
| Income taxes paid  |      | -12.6     | -14.5     |
| Net cash flow from operating activities                              |      | 181.6     | 10.5      |
| Acquired operations  |      | -3.0      | -2.5      |
| Company divestments  |      | -         | 3.6       |
| Capital expenditure on non-current tangible and intangible assets    |      | -39.5     | -43.1     |
| Proceeds from sale of tangible non-current assets                    |      | 1.4       | 27.4      |
| Net cash flow from investing activities                              |      | -41.1     | -14.6     |
| Share issue, net   |      | 151.5     | -         |
| Dividends paid   | 5    | -11.8     | -36.4     |
| Hybrid bond  | 3    | 60.0      | -         |
| Change in net debt and other financing items                         | 3    | -290.9    | 42.8      |
| Net cash flow from financing activities                              |      | -91.2     | 6.4       |
| Cash and cash equivalents on January 1                               |      | 72.1      | 68.0      |
| Translation differences  |      | 0.2       | 1.8       |
| Change in cash and cash equivalents                                  |      | 49.3      | 2.3       |
| Cash and cash equivalents on December 31                             |      | 121.6     | 72.1      |

# CONSOLIDATED BALANCE SHEET

|   | Note | December 31, 2009 | December 31, 2008 |
|---|------|-------------------|-------------------|
| <b>Assets</b>                               |      |                   |                   |
| Goodwill                                    |      | 273.6             | 279.3             |
| Other intangible non-current assets         |      | 210.1             | 207.5             |
| Tangible non-current assets                 |      | 135.0             | 135.3             |
| Other non-current assets                    |      | 74.3              | 65.9              |
| Inventories and work in progress            |      | 234.6             | 346.0             |
| Receivables                                 |      | 475.4             | 555.8             |
| Cash and cash equivalents                   |      | 121.6             | 72.1              |
| Total assets                                | 2    | 1,524.6           | 1,661.9           |
| <b>Shareholders' equity and liabilities</b> |      |                   |                   |
| Shareholders' equity                        | 3    | 735.3             | 508.1             |
| Long-term interest-bearing liabilities      | 3    | 282.8             | 434.9             |
| Other long-term liabilities                 |      | 14.4              | 22.0              |
| Current interest-bearing liabilities        | 3    | 121.3             | 252.8             |
| Other current liabilities                   |      | 340.0             | 389.0             |
| Provisions                                  |      | 30.8              | 55.1              |
| Total shareholders' equity and liabilities  |      | 1,524.6           | 1,661.9           |
| Equity ratio, %                             |      | 48.2              | 30.6              |

Gearing, % 38 121  
EUR 1.00 = USD 1.44 1.39

# CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

|                                      | Note | Share capital | Pre-mi-um fund | Fund for own sha-res | Trans-lation diffe-ren-ces | Fair value and other reser-ves | In-ves-ted unres-tricted equity reserve | Hyb-rid bond | Retai-ned ear-nings | Total |
|--------------------------------------|------|---------------|----------------|----------------------|----------------------------|--------------------------------|---|--------------|---------------------|-------|
| Balance at Jan. 1, 2008              |      | 289.3         | 15.0           | -7.5                 | -66.8                      | -2.7                           | -                                       | -            | 278.9               | 506.2 |
| Total comp-rehensive income          |      |               |                |                      | 4.3                        | -3.5                           |   |              | 33.9                | 34.7  |
| Dividend distribution                | 5    |               |                |                      |                            |                                |   |              | -36.3               | -36.3 |
| Reissu-ance of own shares            |      |               |                | 1.8                  |                            |                                |   |              |                     | 1.8   |
| Share-based incentive plans expensed |      |               |                |                      |                            |                                |   |              | -0.9                | -0.9  |
| Warrants exercised                   |      | 2.9           | -2.9           |                      |                            |                                |   |              |                     | 0.0   |
| Balance at Dec. 31, 2008             |      | 292.2         | 12.1           | -5.7                 | -62.5                      | -6.2                           | -                                       | -            | 275.6               | 505.5 |
| Balance at Jan. 1, 2009              |      | 292.2         | 12.1           | -5.7                 | -62.5                      | -6.2                           | -                                       | -            | 275.6               | 505.5 |
| Total comp-rehensive income          |      |               |                |                      | -0.5                       | 0.8                            |   |              | 31.3                | 31.6  |
| Share Issue, net                     |      |               |                |                      |                            |                                | 151.5                                   |              |                     | 151.5 |
| Dividend distribution                | 5    |               |                |                      |                            |                                |   |              | -11.6               | -11.6 |
| Reissu-ance of own shares            |      |               |                | 0.1                  |                            |                                |   |              |                     | 0.1   |
| Hybrid bond                          | 3    |               |                |                      |                            |                                |   | 60.0         | -4.4                | 55.6  |
| Balance at Dec. 31, 2009             |      | 292.2         | 12.1           | -5.6                 | -63.0                      | -5.4                           | 151.5                                   | 60.0         | 290.9               | 732.7 |

|   | Note | Minority<br>inter-<br>ests | Total<br>share-<br>hold-<br>ers'<br>equ-<br>ity |
|---|------|----------------------------|---|
| Balance at<br>Jan. 1,<br>2008               |      | 3.5                        | 509.7   |
| Total<br>comp-<br>rehensive<br>income       |      | 0.1                        | 34.8  |
| Dividend<br>distribution                    | 5    | -0,1                       | -36.4   |
| Reissu-<br>ance of<br>own<br>shares         |      |                            | 1.8   |
| Warrants<br>expensed                        |      |                            | -0.9  |
| Warrants<br>exercised                       |      |                            | 0.0   |
| Other<br>change in<br>minority<br>interests |      | -0.9                       | -0.9  |
| Balance at<br>Dec. 31,<br>2008              |      | 2.6                        | 508.1   |
| Balance at<br>Jan. 1,<br>2009               |      | 2.6                        | 508.1   |
| Total<br>comp-<br>rehensive<br>income       |      | 0.1                        | 31.7  |
| Share<br>Issue, net                         |      |                            | 151.5   |
| Dividend<br>distribution                    | 5    | -0.2                       | -11.8   |
| Reissu-<br>ance of<br>own<br>shares         |      |                            | 0.1   |
| Hybrid<br>bond                              | 3    |                            | 55.6  |
| Other<br>change in<br>minority<br>interests |      | 0.1                        | 0.1   |
| Balance at<br>Dec. 31,<br>2009              |      | 2.6                        | 735.3   |

## QUARTERLY BREAKDOWN OF NET SALES AND EBIT

|                    | Q4/<br>2009 | Q3/<br>2009 | Q2/<br>2009 | Q1/<br>2009 | Q4/<br>2008 | Q3/<br>2008 | Q2/<br>2008 | Q1/<br>2008 |
|--------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| <b>NET SALES</b>   |             |             |             |             |             |             |             |             |
| Winter and Outdoor | 329.2       | 262.4       | 106.6       | 164.4       | 326.6       | 267.6       | 104.6       | 162.0       |
| Ball Sports        | 94.7        | 103.4       | 135.7       | 142.9       | 110.0       | 110.6       | 130.9       | 144.0       |
| Fitness            | 58.9        | 44.8        | 42.4        | 48.0        | 58.7        | 55.0        | 49.6        | 57.0        |
| Total              | 482.8       | 410.6       | 284.7       | 355.3       | 495.3       | 433.2       | 285.1       | 363.0       |

|                    | Q4/<br>2009 | Q3/<br>2009 | Q2/<br>2009 | Q1/<br>2009 | Q4/<br>2008 | Q3/<br>2008 | Q2/<br>2008 | Q1/<br>2008 |
|--------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| <b>EBIT</b>        |             |             |             |             |             |             |             |             |
| Winter and Outdoor | 42.5        | 44.1        | -29.2       | -10.9       | 36.7        | 45.7        | -26.7       | -14.6       |
| Ball Sports        | 2.2         | 2.4         | 7.4         | 11.5        | 3.4         | 6.6         | 11.3        | 15.7        |
| Fitness            | -0.5        | -1.4        | -2.2        | -3.4        | -2.3        | 2.8         | -0.4        | 3.7         |
| Headquarters       | -4.8        | -4.4        | -5.4        | -4.1        | -2.6        | -3.6        | 8.0         | -4.8        |
| Total              | 39.4        | 40.7        | -29.4       | -6.9        | 35.2        | 51.5        | -7.8        | 0.0         |

## THE NOTES TO THE FINANCIAL STATEMENTS

### 1. ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) approved for use in the EU, observing the IAS and IFRS standards and SIC and IFRIC interpretations in force as of December 31, 2009.

In key figures, the hybrid bond has been included in shareholders' equity. Interest expenses for the hybrid bond have been accrued on the basis of its coupon rate of 12% and are debited directly to retained earnings net of tax. In the calculation of earnings per share, interest expenses of the hybrid bond have been included in the earnings for the period.

#### Standards and interpretations adopted from the beginning of 2009:

IAS 1 (Revised), "Presentation of Financial Statements": The revised standard prohibits the presentation of income and expenses items (that is, "non-owner changes in equity") in the statement of changes in equity, requiring "non-owner changes in equity" to be presented separately from owner changes in equity. All non-owner changes in equity will be required to be shown in a performance statement, but entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and the statement of comprehensive income). Where entities restate or reclassify comparative information, they are required to present a restated balance sheet as from the beginning of the comparative period in addition to the current requirement to present balance sheets for the end of the current period and of the comparative period. The company applies IAS 1 (Revised) from January 1, 2009. Both the income statement and the statement of comprehensive income are presented as performance statements.

IFRS 8, "Operating Segments": IFRS 8 replaces IAS 14, "Segment Reporting." The new standard requires a "management approach," under which segment information is presented on the same basis as that used for internal reporting purposes. IFRS 8 has not changed the company's segmentation which is consistent with the company's internal reporting. Furthermore, IFRS 8 requires disclosures, e.g., about company's geographical areas of operation and significant customers.

#### Other changes in accounting policies:

The committed revolving credit facilities used that mature in 2011 and 2012 are reclassified as long-term interest-bearing liabilities. Comparative information for 2008 has been restated accordingly.



## 2. SEGMENT INFORMATION

Amer Sports has three business segments: Winter and Outdoor, Ball Sports and Fitness.

The accounting policies for segment reporting do not differ from the Group's accounting policies and have not changed following the adoption of IFRS 8. The decisions concerning assessing the performance of segments and allocation of resources to the segments are based on segments' net sales and earnings before interest and taxes. The chief operating decision maker of Amer Sports is the Executive Board.

The adoption of IFRS 8 has not changed the reportable segments of Amer Sports since the segment information previously presented by the Group was based on internal management reporting. Adoption of the standard affected only the presentation of the information.

There were no intersegment business operations during the reported periods.

|                     | Net sales | Earnings<br>before<br>interest and<br>taxes | Financing<br>income<br>and<br>expenses | Earnings<br>before<br>taxes | Assets  |
|---------------------|-----------|---|--|-----------------------------|---------|
| <b>1-12/2009</b>    |           |   |  |                             |         |
| Winter and Outdoor  | 862.6     | 46.5  |  |                             | 766.3   |
| Ball Sports         | 476.7     | 23.5  |  |                             | 320.7   |
| Fitness             | 194.1     | -7.5  |  |                             | 212.5   |
| Segments, total     | 1,533.4   | 62.5  |  |                             | 1,299.5 |
| Unallocated items*) |           | -18.7                                       | -18.4                                  | -37.1                       | 225.1   |
| Group total         | 1,533.4   | 43.8  | -18.4                                  | 25.4                        | 1,524.6 |
| <b>1-12/2008</b>    |           |   |  |                             |         |
| Winter and Outdoor  | 860.8     | 41.1  |  |                             | 875.4   |
| Ball Sports         | 495.5     | 37.0  |  |                             | 381.1   |
| Fitness             | 220.3     | 3.8   |  |                             | 245.3   |
| Segments, total     | 1,576.6   | 81.9  |  |                             | 1,501.8 |
| Unallocated items*) |           | -3.0  | -33.3                                  | -36.3                       | 160.1   |
| Group total         | 1,576.6   | 78.9  | -33.3                                  | 45.6                        | 1,661.9 |

\*) Earnings before interest and taxes include income and expenses of corporate headquarters.

## GEOGRAPHIC BREAKDOWN OF NET SALES

|              | 1-12/<br>2009 | 1-12/<br>2008 |
|--------------|---------------|---------------|
| Americas     | 620.5         | 677.8         |
| EMEA         | 735.0         | 723.0         |
| Asia Pacific | 177.9         | 175.8         |
| Total        | 1,533.4       | 1,576.6       |

## 3. FINANCIAL LIABILITIES

### Hybrid bond

In March 2009, Amer Sports Corporation issued a EUR 60 million hybrid bond in order to strengthen the Group's capital structure and to repay existing debt. The coupon rate of the bond is 12.0% per annum. The bond has no maturity but the company may call the bond after three years. The hybrid bond is unsecured and subordinated to all senior debt and is treated as equity in Amer Sports' consolidated financial statements. The hybrid bond does not confer shareholders' rights, nor does it dilute the holdings of shareholders.

#### Reclassification of the credit facility

Committed revolving credit facilities used that mature in 2011 and 2012 are presented under long-term interest-bearing liabilities. Comparative information for 2008 has been restated accordingly. Restatement had EUR 255 million in effects on short-term and long-term liabilities at the end of 2008.

#### 4. DERIVATIVE FINANCIAL INSTRUMENTS

|                                    | December<br>31, 2009 | December<br>31, 2008 |
|------------------------------------|----------------------|----------------------|
| Nominal value                      |                      |                      |
| Foreign exchange forward contracts | 502.8                | 604.3                |
| Forward rate agreements            | 100.0                | 0.0                  |
| Interest rate swaps                | 204.4                | 221.9                |
| Fair value                         |                      |                      |
| Foreign exchange forward contracts | -1.0                 | -1.1                 |
| Forward rate agreements            | -0.1                 | 0.0                  |
| Interest rate swaps                | -5.6                 | -7.5                 |

#### 5. DIVIDENDS

Dividends distributed by Amer Sports to its shareholders and minority shareholders of its subsidiaries amounted to EUR 11.8 million at the end of March 2009 relating to the year ending on December 31, 2008 (EUR 0.16 / share for shareholders of Amer Sports Corporation, totaling EUR 11.6 million).

#### 6. CONTINGENT LIABILITIES AND SECURED ASSETS

|   | December<br>31, 2009 | December<br>31, 2008 |
|---|----------------------|----------------------|
| Guarantees                                    | 10.5                 | 8.5                  |
| Liabilities for leasing and rental agreements | 116.9                | 106.6                |
| Other liabilities                             | 30.0                 | 46.1                 |

There are no guarantees or contingencies given for the management of the company, the shareholders or the associated companies.

#### 7. SEASONALITY

Although Amer Sports operates in a number of sporting goods segments during all four seasons, its business is subject to seasonal fluctuations. Historically, the third and fourth quarters of a financial year have been the strongest quarters for Amer Sports in terms of both net sales and profitability, mainly because sales of winter sports equipment ahead of the winter season typically take place during the third and fourth quarters. During the fourth quarter Winter Sports Equipment sales grew by 6% in local currencies and its share of the total net sales is 42%. The summer season for ball sports balances seasonality to a certain extent, as the strongest quarters for the Ball Sports segment are the first and second quarters.

All forecasts and estimates presented in this report are based on the management's current judgment of the economic environment. The actual results may differ significantly.

**AMER SPORTS CORPORATION**  
Board of Directors